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Sept. 8, 1999 **LETTER 1286**

THE PICTURE: On August 25, the D-J Industrial Average advanced to a record high of 11326.04. No other Average confirmed -- not the S&P, the Transports, the Nasdaq, the NYSE Composite, or the Value Line Composite -- it was a solo performance by the Dow.

Following the record Dow high, I was particularly interested in the action of the S&P Composite (this is the average that is followed by most professionals). **I've been saying that the S&P may be forming a large "head-and-shoulders" top.** If that analysis is correct, then the current action should all be part of a right shoulder in progress. I included a chart of the S&P on page 2 in the last Letter, and I stated that the critical support level was 1265 on the cash S&P (as opposed to the futures).

Since the last Letter, it appears to me that the market has been backing-and-filling or doing what we call "work" on the right shoulder. The **only question now is whether my analysis is correct** -- meaning, whether the right shoulder will ultimately rally to new highs, thereby aborting the head-and-shoulder pattern -- or whether the right shoulder will break down, sending the S&P below the extremely critical 1265 support level (see chart on page 2).

In the meantime (page 1 chart), the Dow has continued to hold well above its May-June lows while the Transports have acted very poorly and are now well below the May-June lows. I have included the 144-day moving averages on both Dow components, and you can see that the Transports have not only failed to confirm the Dow's record high, but they have dropped well below their own 144-day MA.

As this is written, my Primary Trend Index (PTI) remains in its bearish mode (it turned bearish on July 29). On August 30, the advance-decline ratio (see the page 2 chart) broke to a new low, its lowest level since the A-D ratio peak recorded on April 3, 1999.

Up to now, the coterie of bullish analysts have chosen to ignore the steadily declining advance-decline ratio. But over the last month or so the breadth has been so blatantly weak that even the reporters on CNBC have been forced to comment on the weakness.

With the majority of stocks on the NYSE being in an overall declining trend for the last 16 months, I am of the opinion that we have been experiencing a **"stealth bear market,"** a bear market that has been masked by the superior action of maybe 50 large-cap stocks plus assorted tech and Internet stocks.

If or when a Dow Theory bear market is actually signaled, you can be sure that the big-cap stocks, the tech and Internet stocks will follow the great majority of stocks and the A-D ratio to lower (and probably much lower) levels.

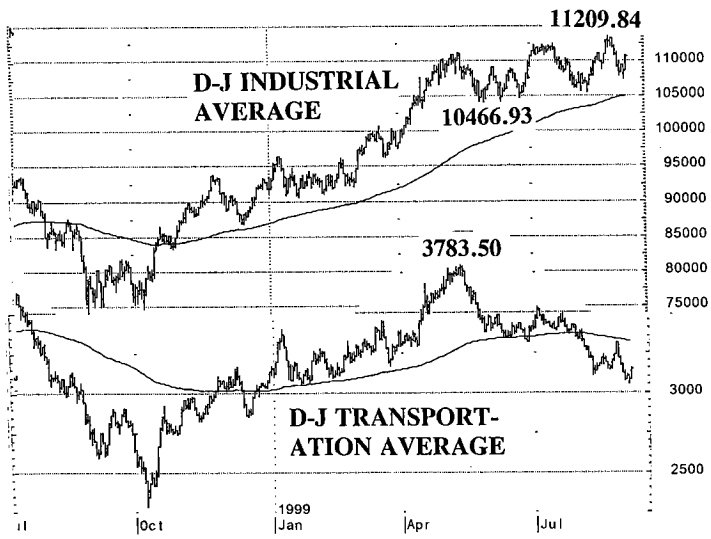
Aug. 27 DJIA 11090.17; PTI 5325; A-D Ratio +0.97
Sept. 2 DJIA 10843.61; PTI 5305; A-D Ratio +0.27
Dow Yield: 1.56%; Dow Price/Earnings: 25.9
Dow 144-day MA: 10513; Dow 34-day MA: 10928
Dow Times Book Value: 6.55; PTI 89-day exp. MA: 5344
Percentage of Undervalued Blue-chips: 5%
Gold 34-day MA: 258.4

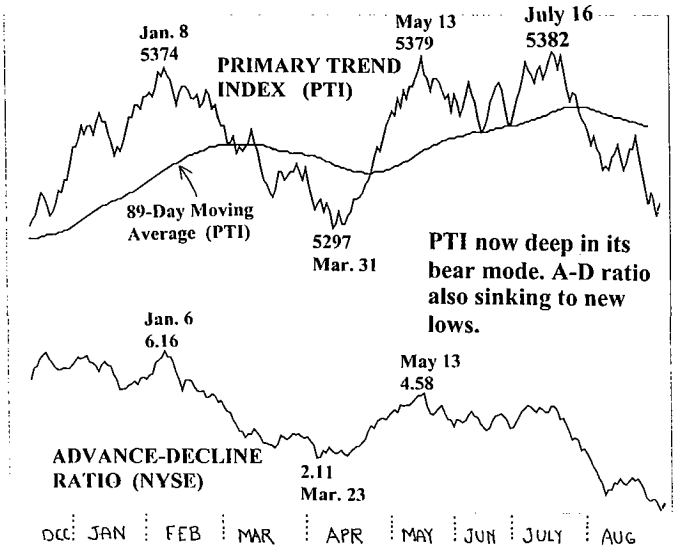
Is there a rationale for this strange split in the big averages and the breadth? I think there is, and this is the way I see it. I believe the **economy itself is now split.** On one side, we have the new Internet-oriented and high-tech companies, and most of these have been given lofty, if not **fantasy,** price/earnings ratios, or, I should say, **price-to-sales ratios, since many of these stocks have no earnings.** On the other side, we have the rest of the stocks, the great mass of stocks that are not geared to the Internet or are not involved with the high tech sector.

The split in the stock market has its **counterpart in the economy.** I liken the small-cap and non-tech stocks to the average US consumer, who today is still involved with the "old economy," doing such work as flipping hamburgers, selling insurance, working in an auto plant, or owning a franchise print shop. Against this very large old-economy sector of the population, we have the new "tech people," the Silicon Valley millionaires, the Internet geeks, the communication mavens -- the people who are doing extremely well or getting rich in the high-tech or Internet sector of the economy.

BEAR MARKET? I can't prove it -- I can't prove it's a bear market unless or until the Dow confirms the Transports by breaking below its May low of 10466.93. But with my PTI sinking to new lows, I am entitled to act as if it's a bear market -- even if I'm later proved wrong. And that's the way I, personally, am acting.

How could we have a bear market with the US economy roaring away? First of all, bear markets (and bull markets,





for that matter) don't concern themselves with the current news, the news that everybody knows about, the news that we read in our local newspapers. Hardly, bull and bear markets deal with what stocks see in the months ahead. With the majority of stocks on the NYSE declining over the last 16 months, it seems obvious to me that the great mass of stocks "don't like" what they see in the period ahead.

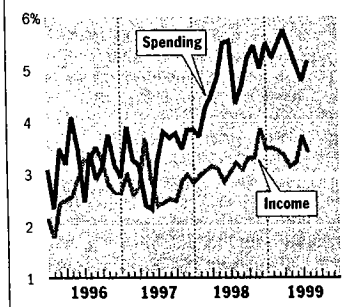
I don't know exactly what forces are driving the majority of stocks down (and I doubt if anyone else does). It may be a worsening of the US current account balance (which is bad enough as is). It may be an impending collapse in the dollar or in bonds or both. Or it could be a forthcoming buyers' strike on the part of US consumers as they decide to save instead of spend. Or it could be simply a potential toppling of the whole stock market edifice, as investors and traders decide that the declining breadth is ominous and that it's time to get on the sidelines.

Along these lines, I want to include this clip from the August 30 *WSJ* (just in case you missed it). What it shows is something I've been warning about for months. US consumers have been on a monumental buying binge, a binge that cannot be sustained. Why can't it be sustained? In order to indulge in this binge, consumers have not only

Spending Faster Than They Earn

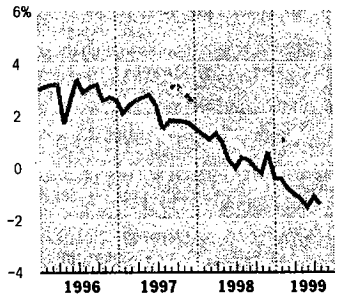
A Gap in Growth Rates...

Year-to-year percentage change in personal income and in personal-consumption expenditure, both inflation-adjusted



And a Declining Savings Rate

Personal savings as a percentage of disposable income



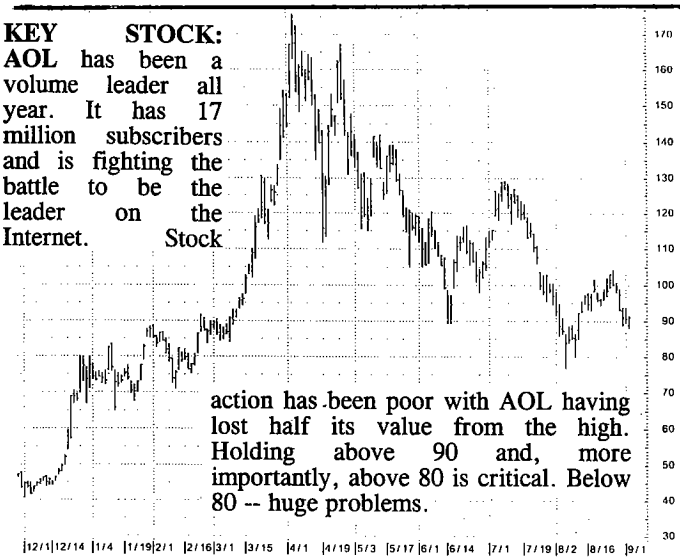
Source: Bureau of Economic Analysis

neglected to save, they have dug into their savings, running the savings rate into the minus column as you can see on the chart.

Funds: Last week it was announced that money going into mutual funds dropped in July by 36% over July a year ago. Why the pull-back in fund buying? My guess is that fund-buyers saw their funds under-performing the market and on top of that offering **little or no income.** I warned about this. When you're holding stocks or funds which provide no yields, those stocks or funds better be going up. Because if they don't go up, you find yourself simply locked into non-performing assets; it's money that's just stagnating in equities or funds that are going nowhere.

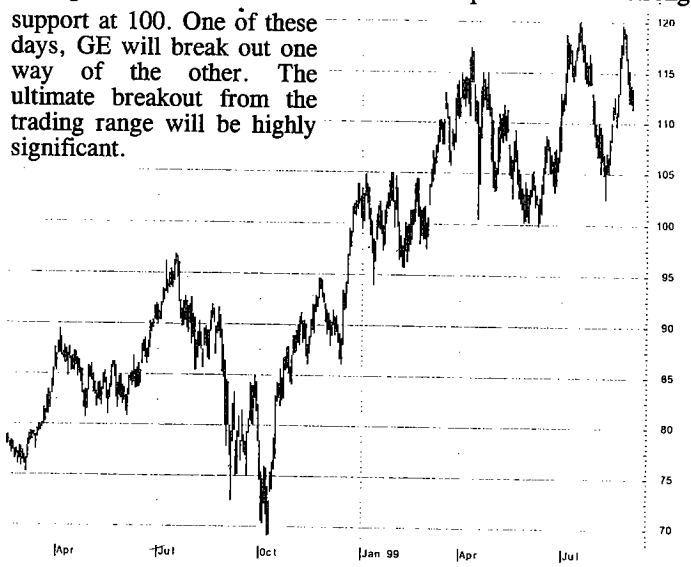
Sentiment: The big picture in investor sentiment, as I see it, is that we are in that area where all the recent wild optimism is in the process of simmering down, turning neutral -- preparatory to becoming outright bearish. Something will come along to interrupt the still-frothy optimism of the consumer (it always does). What could that "something" be? If I had to guess, I'd say it will be a decline in the stock market, a decline that will, in due time, be recognized as a vicious bear market.

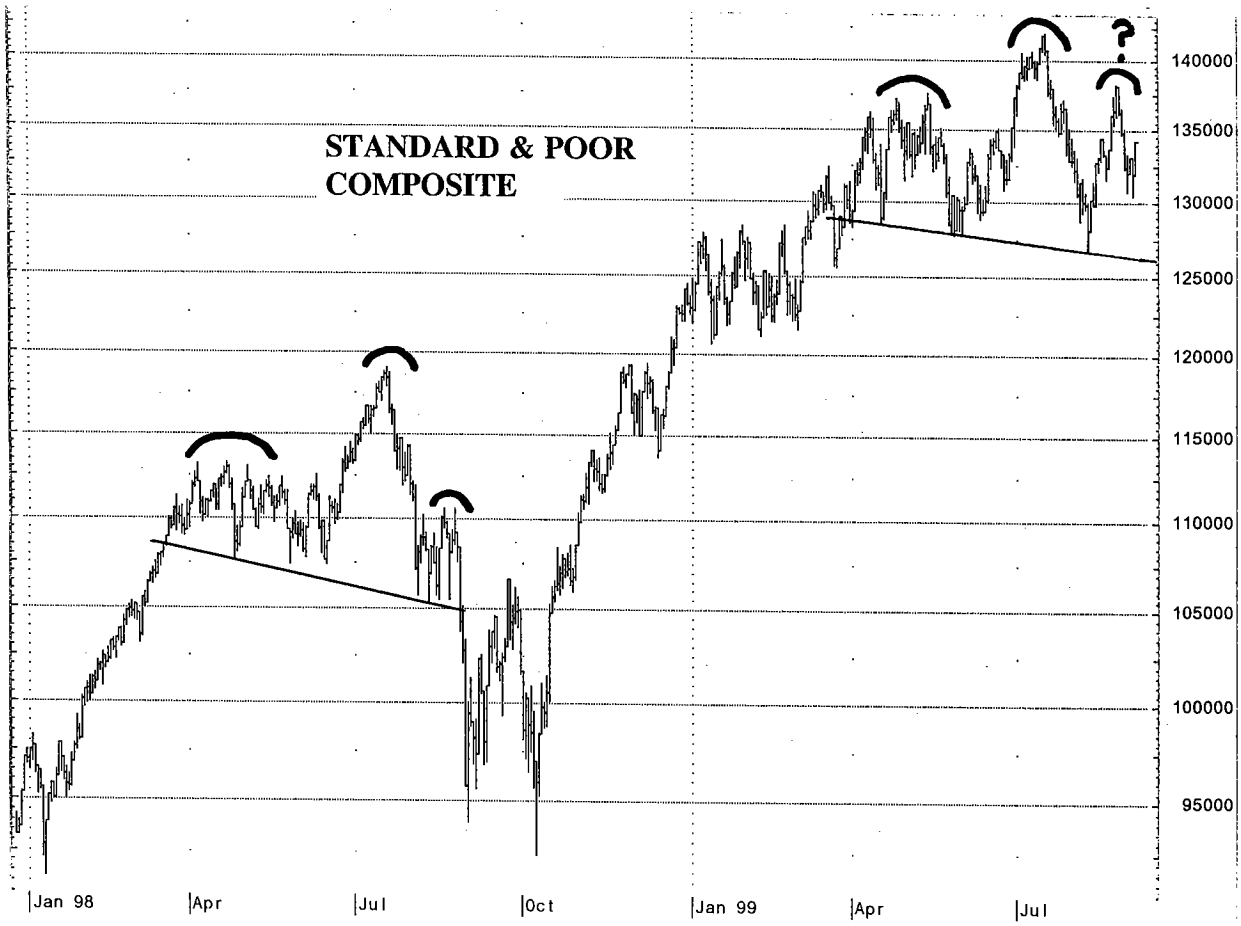
KEY STOCK: AOL has been a volume leader all year. It has 17 million subscribers and is fighting the battle to be the leader on the Internet. Stock



action has been poor with AOL having lost half its value from the high. Holding above 90 and, more importantly, above 80 is critical. Below 80 -- huge problems.

KEY STOCK: GE is one of the stalwarts of the stock market, and it's a stock that has held up extremely well throughout all the decline in breadth. GE has been in a wide trading range through most of 1999 -- with a double-top at 120 and strong support at 100. One of these days, GE will break out one way of the other. The ultimate breakout from the trading range will be highly significant.





S&P COMPOSITE: What's happening in this widely-watched index is so important that I am going to discuss it again. Here we see the daily S&P along with a 144-day exponential moving average. Patterns within specific market movements will often tend to repeat, and this is why I feel that the current situation is so interesting -- and very probably important.

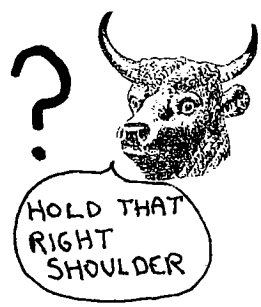
In the April-July period the S&P formed a definite "head-and-shoulders" top formation; the formation broke down during July, bottoming in October. But instead of continuing to lower levels, the S&P mounted another surge, climbing to a new record high of 1418.78 on July 16, 1999.

What struck me was the similarity of the latest pattern with the head-and-shoulders pattern of last year. In other words, it appears that another H&S top pattern has formed. As this is written, it seems that the S&P is "working" on the right shoulder of the potential top. As I've said in the last Letter and again in this Letter, the critical support level for the S&P comes in at 1265. This would correspond with the 10466 level on the Dow. Thus, I suggest that all subscribers keep their eyes on the action of the S&P over the coming days and weeks. And the obvious question is whether the 1265 level will hold or not.

A question I've asked myself is why, following the top-formation pattern of last year, did the market surge up again -- and then form another potential top-formation? I think what happened was that the market was under distribution last year but then the excitement (hysteria) of the Internet stocks hit (aided by the added excitement of the tech stocks) and the market embarked on one more surge.

At any rate, the picture I've described above, I believe, is the critical story in the market at this time. It's a case of will it or won't it? Will the S&P hold above 1265 or won't it? Rightly or wrongly, I'm personally acting as if 1265 will not hold. Call that insurance, I'm taking out the insurance policy (T-bills and T-notes) and playing it as safe as I can.

INVESTMENT POSITION: Do I even have to write this piece? Yes, I guess I do. I'm not advising that you wait to see whether the right shoulder of the head-and-shoulders potential top holds up or not -- that's your choice. But for me, I just think I feel better sitting with a very conservative position (call me the "West Coast coward" if you wish, I don't care).



One of the major worries now is the dollar, which is also in a head-and-shoulders top-type formation. A weak dollar has foreign holders of multi-billions in US securities sitting on the edge of their leather chairs. I talked about the dreaded "double whammy" that foreigners may face. The double whammy is your stocks or bonds declining, and, on top of that, the dollar declining as well. Believe me, that's a foreigner's nightmare, and I'm not sure our overseas friends are at the nightmare stage yet, but they might well be having disturbing day-dreams.

I've kept a little bull in the box along with the "cop-out" question mark. Although the majority of stocks have been taking it on the chin, we're technically still in a bull market under Dow Theory, and, until that changes, the little bull will own the box (with a question mark as his companion).

NOTES & QUOTES: I was surprised to see how much animosity accompanied the latest Fed rate boost. Presidential candidate Forbes denounced it. The *WSJ* (Aug. 25) editorial was livid, and wanted to know what Greenspan was thinking about. Why all the anger? Easy, newspapers and corporations want to keep the good times rolling; after all, they're for-profit corporations, and they're against anything that even hints that a lid might be placed on the boom.

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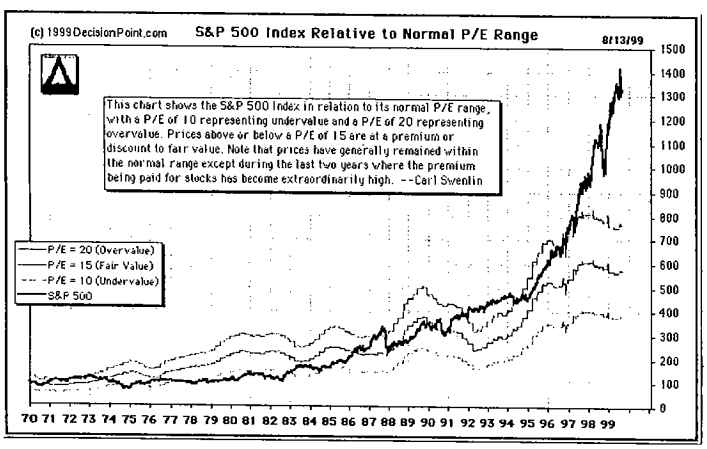
This piece might have been placed in the Investment Position section, but I've decided to place it here. The chart below is courtesy of www.decisionpoint.com (in the daily charts section). Here we see the S&P 500 in relation to normal historical price/earnings ratios. You can see that we're now dealing with valuations that have never been seen before. On the chart we see three fine lines. The top line represents P/E ratios of 20, and this is historically where the market was considered overvalued and in the area of market tops. The middle line (P/E ratios of 15) is where the market is considered "fair value." The lower line coincides with P/E ratios of 10; this is the undervalued area -- where stocks are in the strong buy zone.

The heavy line traces the current P/E ratio on the S&P, which is currently, to put it mildly, off into space. Obviously, the market is now pricing itself for earnings growth in the plus 15% to 20% area -- out as far as the eye can see. This is the problem that Greenspan is concerned with. The Fed, in creating huge masses of money, has created an asset bubble. Greenspan realized the danger, but he doesn't want to be the pin that pricks the bubble. What to do? Former Treasury Secretary Rubin knew what to do -- get the hell out of Washington, that's the safest thing to do.


(c) 1999 DecisionPoint.com
S&P 500 Index Relative to Normal P/E Range
8/13/99
This chart shows the S&P 500 Index in relation to its normal P/E range, with a P/E of 10 representing undervalue and a P/E of 20 representing overvalue. Prices above or below a P/E of 15 are at a premium or discount to fair value. Note that prices have generally remained within the normal range except during the last two years where the premium being paid for stocks has become extraordinarily high. --Carl Swenlin
P/E = 20 (Overvalue)
P/E = 15 (Fair Value)
P/E = 10 (Undervalue)
S&P 500
1500
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0
70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99

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A seat on the NYSE sold last week at a record price of $2.64 million. The previous sale occurred on July 15 at $2.5 million. With electronic trading coming in, I have to wonder what these seat-buyers are thinking of? Maybe they're thinking about a big pay-off when the NYSE comes out with its own IPO. Maybe they're thinking that volume will continue to increase, and volume generally means potential profits for seat holders. Or maybe they think the NYSE will go electronic on a 24-hour around-the-clock basis, and that there'll be a fortune in that (assuming volume holds up). Or maybe they're just paying too much for a seat -- darned if I can figure it out.

* *

Where does Fed Chairman Greenspan keep his own assets? All in T-bills, according to his 1998 disclosure. Greenspan draws a salary of $136,700 and lists his investments in the range of $2.5 to $6.4 million. Why in T-bills? Why not? First, nobody can accuse him of wanting to manipulate the stock market, and second, he probably feels safer himself in T-bills where he doesn't have to worry about being caught in a bursting stock market bubble.

* *

The financial world was amazed when Cisco, on August 25, announced that it was buying two companies for $7.4 billion. One of the companies had only $10 million in sales and no profits. But the two companies were purchased with paper, better known in this case as high-priced Cisco stock. So why shouldn't Cisco buy up what they need without spending any cash? I think it's smart. In fact, that's what's going on in the whole universe of Internet-connected corporations. Their stocks are sky-high, valued at X times revenue, not times earnings (in the majority of cases there are no earnings).

* *

The world of medicine is about to be turned on its ear. Why? Scientists are beginning to learn what makes human beings tick. And it's all in the genes. At the center of the new medical revolution is the mapping of the human genome. Once scientists figure out or piece together the string of DNA (three billion pieces of the genetic puzzle), they'll be able to know which genes cause or "allow" people to get certain diseases. Then they will know how certain drugs affect certain diseases, often even before tests are run. There are currently five publicly financed facilities working together to map the human genome. The groups have already mapped 400 million DNA units and, by next spring, the groups hope to have completed the mapping of the entire human genome. At the same time, private institutions are racing to map the human genome. The whole code should be completely mapped by 2003. Says Keith Wailoo, professor of social medicine and history at University of North Carolina, "I'm not sure any of us comprehend what a watershed of change in the human condition we're in."

* *

Speaking of change, I just checked the 50 largest-cap corporations in the world. Of the 20 biggest, 17 are US companies, two are Japanese, and one is British. The first 14 are Microsoft, Gen. Electric, Intel, IBM, Cisco, Nippon Tel., Lucent, Wal-Mart, Exxon, BP Amoco, AT&T, Merck, MCI Worldcom, Citigroup.

* *

There are 40 Indian tribes here in California that have casino-type gambling. But it's not the kind of gambling that Las Vegas offers. I've often said that it's crazy for tens of thousands of Californians to go to Las Vegas to lose their money when they could just as well lose their money right here in the Golden State. And think of the taxes California could collect. So it's the old story, "Money talks and BS walks." Or if you want to be more polite, "Follow the money." Well, the money is in casino gambling, big time gambling with slot machines, black-jack, and all the other stuff. California's Governor Davis is now discussing changing the constitution of California to allow big-time casino gambling on the many Indian reservations. My bet -- there's too much tax money in the idea for the state not to change the Cal constitution. **Russell Bet**: Expect big time gambling in the Golden State. And suggestion -- don't buy any Vegas casino stocks because they're going to have MAJOR competition from the state of California -- I see it coming, honest.

* *

With 3,800 subscribers now on my Internet site, I receive as many as 25 e-mails a day. Obviously, if I attempted to answer each of these I wouldn't have the time or energy to write the bi-weekly reports. Some of the e-mails are informative, some complimentary, some offer suggestions, many ask questions, and a few are humorous. ALL are read carefully and appreciated.

* *

I want to mention our national debt again, which has now grown to $5.6 trillion. With an average interest rate of 6.47%, it requires $360 billion in interest payments to service the debt. Our government talks about the budget surpluses that the nation is now running, but they fail to talk about the rising -- and compounding -- amounts that are required to service the debt. **The ominous compounding is the reason why the total national debt continues to rise.** For example, if the budget surplus on a given year is a wonderful $160 billion -- but the interest-cost for servicing the debt is $360 billion, then the national debt rises by $200 billion, this despite the good news on the budget.

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People not living in Silicon Valley really have no idea of how wild it is in the great valley nor how fast the paper is flying. I have excerpted a few paragraphs from a fine article that appeared in the *Washington Post Weekly* (Aug. 23).

FIVE MILLION DOLLARS IS now a standard amount for a start-up company to receive on the first go-round. The companies have not only the opportunity but also the necessity to get very big very fast. If they stumble, they're road kill.

Tony Perkins, the founder and editor in chief of Red Herring, a magazine that tracks new technology companies, points out that 5 percent of the technology companies that have gone public since 1980 are responsible for 87 percent of the group's market value.

"That's venture economics," he says. "Ten percent of your portfolio will provide 90 percent of your return. So everyone's chasing the big deal. It's the American way."

That return becomes real only when the company is acquired or taken public—which might be one reason why so many Internet companies are going public so early in their lives.

Microsoft was in business for 11 years before it sold shares in 1986. Drugstore.com, to take only one recent example, opened for business in February. It went public three weeks ago. Despite an immediate tumble, its shares are valued at well over $1 billion, providing huge paper profits for its venture capitalists and other backers.

"This is the best time in the world to be a venture capitalist," says Perkins. "The guys who are my age—late thirties, early forties—are sitting here laughing because it's so easy to make money. None of them will ever have to work again, but right now they're working like dogs. They know this is a short window of opportunity. They're dumping stock into the public market, and individual investors are buying them with blindfolds on."

■

ANYONE WHO WAS A venture capitalist before 1992—the last time the business was weak—would be lying to you, the editor asserts, "unless he looked you in the face and said, 'This is out of control.'"

And those who have taken up the profession during the boom of the past seven years? "They're drunk with Internet mania," says Perkins, who is nevertheless planning to jump on the bandwagon by taking his magazine and Web site public next year. "They think this is the way the world works. They should get ready for a rude awakening."

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For individual investors, that's already happening. Last winter it was news when a new Internet stock didn't soar on its first day. This summer it's news when one does. Many Internet companies are hitting new lows, and even venture capitalists are starting to question the speed at which new firms go public.

"In many cases, the need to quickly build brand and infrastructure and make acquisitions is compelling companies to go public before they should," says Accel's Breyer. "It's a problem." He predicts "a massive blood bath across the board," with many of today's Internet firms, both public and private, not making it.

Breyer compares the present moment to the early '80s, when there were 50 or 100 personal computer makers. "A couple, like Compaq, made it," he says. "Many, like Eagle, went away. Dell didn't get started until 1984—and it's become the defining company in that space. It's an applicable lesson."

The companies that will dominate the Internet in the future, then, are now barely formed ideas in the heads of entrepreneurs in Ohio or Omaha. Which naturally redoubles the desire of venture capitalists to find and fund them.

Five years ago, Kimball says, if a venture capitalist had a sleepless night weighing the pros and cons of a deal, "95 percent of the time he'd end up turning it down. Now 95 percent of the time he'd do it."

It's probably the wrong moral, he concedes, but here's the biggest lesson learned by every venture capitalist during the past couple of years: "We should have done more." ■

When the plane that John Kennedy Jr. was piloting went down, his wife and her sister both died without having made out wills. This could create a litigation mess. Don't let this happen to you.

* *

I got a good chuckle out of this: Last week I received an e-mail from a subscriber who wrote, "Mr. Russell, to show you that your refrain about young people and the debt and knowledge about the economy is correct, I just quoted the $5.6 trillion debt figure in your comments today to my bright, 18-year old daughter, who is about to leave the East Coast to attend Pomona College. Her reply to me, 'I thought they got rid of it.'"

* *

For San Diegans: Faye and I spent last Sunday afternoon in Balboa Park's municipal gym and Exhibit Hall. We were seeing a phenomenal exhibit entitled, "World War II through Russian Eyes." I strongly suggest that anyone in the San Diego area see this amazing exhibit, put on by the Moscow Museum of the Russian Armed Forces. Russia lost 27 million people in WWII, and when you see this exhibit it's all you can do to keep the tears back. At the exhibit there are hundreds of items: a replica of Hitler's bunker with actual personal effects; a recreation of Stalin's war room; actual WWII aircraft and artillery; a night-watch bi-plane flown exclusively by an all-woman Russian squadron; artifacts of dozens of battles, photos, medals, faces, movies -- all and all a marvelous exhibit. See it (cost for admission, $12, and a bargain at that).

* *

Good-bye to the bears. Last week Merrill's top guru, Charles Clough, announced that he would be leaving Merrill by year's end. Clough has been bearish for many months and when you're bearish and work for a brokerage house, you better damn well be right on your timing. And remember, Merrill's insignia is a bull. So it's good-bye to Charles Clough, unless he finds a job at a brokerage house that is, mmm, more tolerant.

* *

The Dow hasn't violated the 10466 level yet, so I can't say definitely whether we're in a bear market or not (I just suspect that we are). But I want to say something about bear market psychology. In a bear market, everything that works in a bull market is reversed. For instance, news that would be taken bullishly in a bull market, will be taken bearishly in a bear market. Example, if unemployment is down in a bear market, the market will take that bearishly because that could be inflationary. But if unemployment is up in a bear market, the market will take that bearishly too because that would mean that the economy is slowing down. In a bull market, a large short interest is bullish, for the simple reason that the shorts are pitting themselves against the primary trend of the market, and the upward power of the primary trend will force the shorts to cover. But in a bear market, the short-sellers will probably make money, because, in a bear market, the shorts are aligned with the primary bear trend. Again, in a bull market, quiet or dull spots (low volume) are usually bullish, since it suggests that the sellers have pulled back or given up. But in a bear market, low volume tends to be bearish, because it suggests that the buyers have pulled back or even have "gone home." So don't confuse bull market action with bear market action. They are very, very different.

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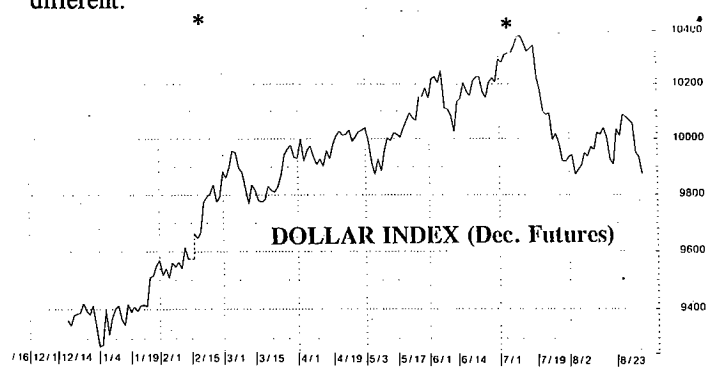

One place I'm watching (probably along with a million other professionals) is the dollar. Here's the Dollar Index, which plunged below its 144-day moving average on September 2. Remember, all US stocks and bonds are denominated in dollars. Overseas owners of US securities sweat bullets when the dollar goes down -- and they are inclined to sell.

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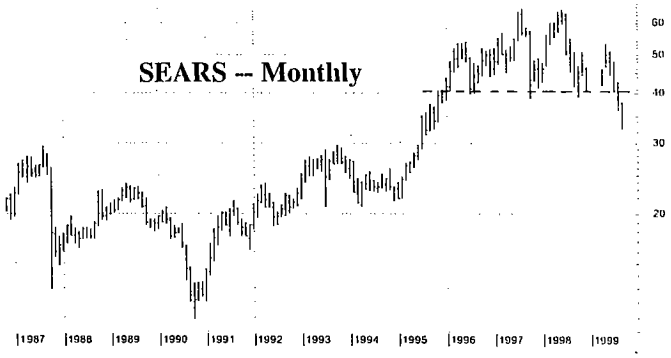
Losses are starting to build up in many of the big-cap stocks. Sears is an example. Over the last two months, Sears has smashed through support and lost almost half its value from its high. Don't laugh at dear old Sears. I did a study of the Dow stocks going back to the early 1900s, and Sears has been one of the great wealth-makers of the Dow. More clerks and supervisors and salesmen have made money in Sears (buying stock on the company's plan) than have ever made money in oil. Sears was a phenomenal stock for many decades.



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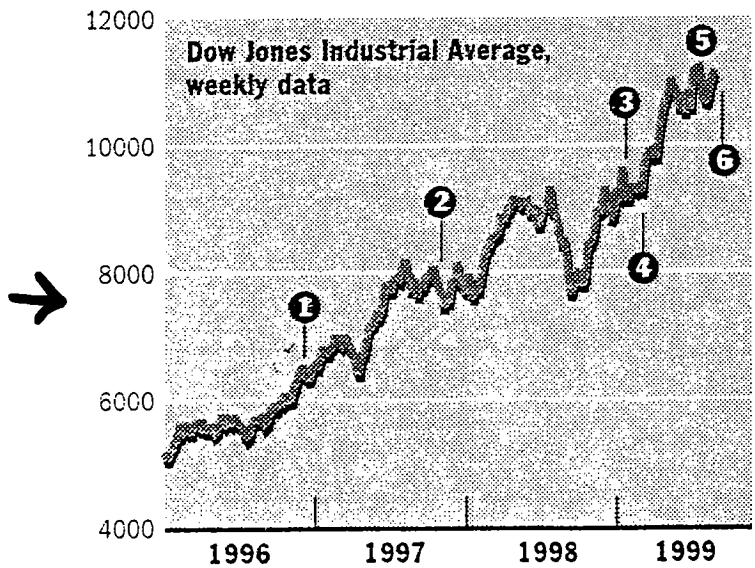
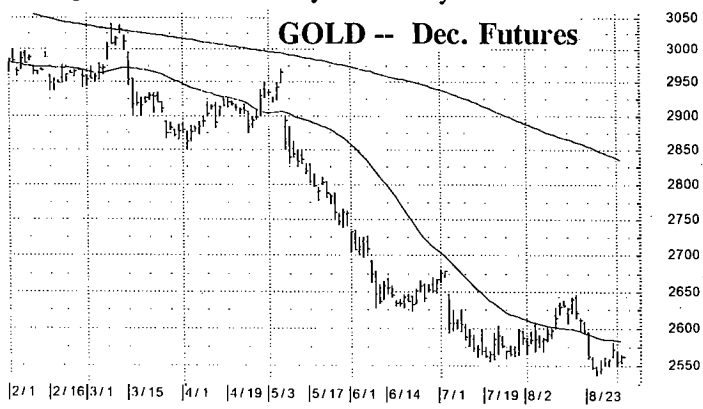
Does Fed Chairman Greenspan think the market is high? You're kidding -- the Green man has been saying the market is too high ever since late-1996. You don't believe it? Below is the proof. Match the comments with the numbers on the chart.

1. **Dec. 5, 1996:** "How do we know when irrational exuberance has unduly" inflated stocks?
2. **Oct. 30, 1997:** The Dow's recent drop could be "a salutary event."
3. **Jan. 20, 1999:** There's a "possibility" the market "will have difficulty" staying strong.
4. **Jan. 28, 1999:** Internet stocks are like "a lottery."
5. **July 22, 1999:** Productivity growth "does not ensure that equity prices are not overextended."
6. **Aug. 27, 1999:** The Fed has "to increasingly focus on changes in asset values."



GOLD: Let's take a cold, unemotional look at gold. During July, the Dec. futures appeared to be carving out a "rounding bottom," and that usually implies accumulation. Gold then ran up above its 34-day moving average, rising almost to 265. Then, whack, gold got hit again; it dropped below its 34-day moving average, and, as this is written, gold is just above its extreme low which was 253.80. The bull's target for gold is to once again try to climb above the 34-day MA which currently stands at 258.40. Just for reference, the 144-day MA for gold stands at 284, a level which seems all but impossible now. But "things change." Who knows -- maybe some day.



How about the gold shares, is there any sense in holding them? My own inclination, and I've written about this many times, is to hold a certain number of gold coins for insurance purposes. Those who are venturesome might own equal quantities of Amer. Barrick and Newmont Mining, but I would go lightly here, at least until we see indications of a decisive bullish trend in the gold shares. Frankly, both of these stocks appear to be under accumulation, and often it pays to at least "get your feet wet." That would mean buying a limited quantity of these two, the actual quantity depending on your own total asset position.

LATE NOTES: Question: Russell, it seems to me that you've been talking as if a bear market is already upon us. Aren't you jumping the gun?

Answer: I've been saying that until the Dow actually breaks below **10466.92** there's no proof that we're in a bear market. But the fact is that my PTI is in its bearish mode, the advance-decline ratio has been falling apart, the Transportation Average has practically crashed, the dollar is on the edge, the bonds have tanked, and a great many stocks have already been savaged. But yes, under Dow Theory, it's a bull market until a bear signal proves it otherwise.

On Friday (Sept. 3) the market surged higher in what looked to me like a typical violent bear market rally. The rally **came on news** that employment was weaker than expected. Of course, I like advances that occur on NO news, just quiet professional buying. But Friday's action tells me this -- "They can't wait to buy 'em." **The extreme, really frenzied urge to buy, buy, buy is still deeply instilled in this market. It will take quite some TIME for this to change.**

NEXT MAILING: Sept. 22, 1999